

2009 annual results

Lyon, 23 March 2010 - ARKOON Network Security is one of the main information system security solutions providers in Europe. The company is listed on the NYSE-Euronext Alternext market.

Simplified P&L statement (1 January to 31 December)

In K Euros	2009*	2008
Turnover	9,718	12,562
Ebitda	644	1,645
Ebit	-1,263	91
Net income	-1,108	455
Net Cash position	4,417	5,988

* does not include SkyRecon Systems

Strong resistance in Data Security

Despite a highly unfavourable economic environment, the Data Security activity remained a dynamic force throughout the financial year and posted sales of €3.23M, amounting to 33% of total sales.

With €6.48M in sales, the Network Security activity was penalised by investments slowdown and a slower than expected launch for the new generation of NPA appliances and its FAST V5 version.

International activities outside France were hit hard, down to €376K compared to €918K in 2008, resulting in a 24% drop in operating income.

Acquisition of SkyRecon Systems

One of the major events of the financial year was the acquisition of SkyRecon Systems in November 2009. With its software suite Stormshield, SkyRecon Systems enriches and completes ARKOON's expertise in IT security. ARKOON Network Security thereby confirmed its position as a leading provider of end-to-end security solutions: network & communication security, data protection, endpoint security. SkyRecon 2009 sales amounted to €1.35M.

Results under control and a robust balance sheet structure

In a particularly unfavourable environment, ARKOON Network Security deployed a plan to preserve its financial structure, involving rigorous control of its procurement policy and structural costs. As a result, operating charges were reduced by 7.5% compared to 2008.

Yet despite these measures, operating income was impacted by weak sales for the year, a loss of €300K by the Italian structure and non-recurring charges amounting to almost €800K.

Financial income posted a profit of €37K.

The Net income includes an exceptional loss of €769K (mostly comprising R&D derogatory depreciation) and tax credit of €887K.

In order to benefit from the market upturn, ARKOON Network Security maintained a robust innovation policy throughout the year. The R&D budget for 2009 amounted to €3,834K compared to €3,512K for the previous year.

Including SkyRecon headcount, the Group now employs 113 staff, 50 of whom in R&D (excluding external consultants).



At the date of 31 December 2009, ARKOON Network Security has a solid financial structure with equity of €13,618K, net available cash of €4,744K and a low financial debt level, amounting to €327K (2.4% of equity).

This financial robustness assures the company a solid future and provides the means to pursue its development strategy.

2010, a year to integrate SkyRecon and recover performance

Throughout 2010, the company will pursue its efforts to preserve its financial balance. In an economic environment that remains difficult, the focal points will be sales performance, implementing synergy within the Group, controlling structural costs and recovering operational margins.

The new Group will represent total sales of approximately €12M. ARKOON Network Security should break even while SkyRecon will for the time being continue to post a loss.

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About ARKOON Network Security

A recognised pioneer in IT infrastructure protection, ARKOON - www.arkoon.net – has always striven to offer certified solutions tailored to protect sensitive information and infrastructure. ARKOON solutions are grouped together in a protective system for its clients, regardless of their size, to meet their security objectives while minimising operational costs.

ARKOON protects information, communication, infrastructure and end point through complementary solutions:

- The **Security BOX** software suite meets companies' data confidentiality, integrity and authenticity needs. The Security BOX encoding engine is certified Common Criteria EAL4+.
 - The range of **FAST360** appliances natively integrates FAST (Fast Applicative Shield Technology), patented by Arkoon, to protect infrastructure and communications. FAST360 is certified Common Criteria EAL2+.
 - The **Stormshield** software suite, developed by SkyRecon, an ARKOON subsidiary. Stormshield endpoint security solutions combine risk-based policy enforcement and control with single-client, multi-layered protection for systems, applications, data, and users.
- Founded in 2003, SkyRecon Systems is a visionary global provider of endpoint protection platforms. The company is a contributing member of the SecureIT Alliance, has received the prestigious Red Herring 100 Award, and has been named "Entrepreneurial Security Company of the Year" by Frost & Sullivan.

Established in 2000, with its head office in Lyon, ARKOON Network Security is listed on NYSE-Euronext Alternext. Its solutions are marketed worldwide by its certified partner network and subsidiaries. The majority of ARKOON's clients are on Eurostoxx 100, include civil service departments and thousands of medium sized businesses. ARKOON solutions are deployed in more than 60 countries.

ARKOON Network Security has obtained the OSEO "Innovating Company" label and has been included among the 2000 members of "OSEO Excellence" network.

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